GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4637
ANSWERED ON:25.04.2008
REVERSE MORTGAGE SCHEME
Reddy Shri Magunta Sreenivasulu

Will the Minister of FINANCE be pleased to state:

(a) whether Reverse Mortgage Schemes have not picked up in many parts of the country; and

(b) if so, the reasons therefor alongwith the details of people availed this facility as yet?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) : The Reverse Mortgage Loan (RML) Scheme was introduced in 2007-08 and is in the primary stage of implementation. The Scheme is applicable to house owning Senior Citizens who may require financial assistance and, therefore, has a limited albeit distinct niche market.

(b) : One of the factors critical to the RML Scheme is the tax treatment at the hands of the borrower as well as the lending institutions. In order to clarify the tax issues arising out of the scheme, the Finance Minister in his Union Budget Speech for the year 2008-09 has announced certain amendments in the Income Tax Act for the scheme. Though at present only around 500 RMLs amounting to about Rs.240 crore have been sanctioned by the Primary Lending Institutions (PLI), viz, BarLks and Housing Finance Companies, it is expected that the demand for such loans will pick up during trie year.